

In order to qualify as an exclusively charitable organization, the organization must be organized and operated for charitable purposes.

December 10, 1999

Dear Xxxxx:

Your letter dated November 28, 1999 and addressed to the Legal Director of the Department's Legal Department has been forwarded to me for a response. In that letter, you have stated and made inquiry as follows:

"I have included the documents that our organization submitted to your Sales Exemption Department.

"We are a non profit Civil/Human Rights organization which falls under a charitable organization. How in the world the staff in the Sales Exemption Department in Springfield deduced that we are not a charitable organization, even though they were provided the same documents you have been, is really a concern.

"It's possible the person who reviewed the documents may not support our effort and made a ruling on his/her personal feelings. I am therefore requesting the information to appeal the ruling. I am also forwarding a copy of this letter and ruling to the Governor, for some reason, there's problem with oversight of employees.

"I look forward to hearing back from you on this matter."

You have two avenues to review the denial of your application for a sales tax exemption identification number. First, you can request the Department's Sales Tax Exemption Section for a second review of your application. If you elect to request a second review, the Sales Tax Exemption Section will request additional information from you. Second, if you do not want a second review, you can write to the Department's Administrative Hearings Division and request an administrative hearing on the denial of your application.

No matter which of these avenues you pursue, I hope the following information helps explain why the Department denied your initial request for a sales tax exemption identification number. As you know, in the context of your application, sales tax exempt status is limited to organizations that are organized and operated exclusively as charitable organizations. Your initial application gives no indication that your organization is operating or, if it is, how it is raising or spending funds. For example, the Larger Vision's budget for the first year shows no expenses. Zeroes are listed for all salaries, office supplies, rent, electricity, telephone service and office equipment. The proposed budget indicates that an executive director, a legal director, 15 staff attorneys and 2 paralegals are to be hired to provide legal services to indigent criminal defendants in the circuit courts and to pro se indigent litigants in the Federal courts. However, there is no indication in the initial application that

any attorneys have been hired or that any legal services have been provided. In addition, the initial application contains no information about funding. In a separate sheet dated 10/13/99, it is indicated that Larger Vision, Inc. will not charge for its services and that funding will come from membership fees. However, the Department has no information regarding how much money has been raised, how it was raised or how it has been spent.

The Sales Tax Exemption Section would not deny your application because they do not agree with the objectives of your organization. Please understand that the Department can not issue a sales tax exemption identification number unless it is clearly established that an applicant qualifies. The case law is clear that applicants bear the burden of proving that they qualify for exempt status and there is a presumption against exemption so that any doubts are resolved in favor of taxation. Given that backdrop, it is not possible for the Department to conclude that your initial application has established that your organization is organized and operating in a manner that qualifies it for exempt status.

As has been indicated, you have two options. First, you can request a second review by the Sales Tax Exemption Section and that will entail your providing more specific information concerning the organization's activities, including a financial statement that details fundraising and expenditures. To obtain a second review, you can write the Sales Tax Exemption Section, indicate that you would like a second review and ask what specific information is needed.

If you choose to stand on your initial application, you can request a hearing from the Department's Office of Administrative Hearings by sending a request for a hearing to:

Illinois Department of Revenue
Office of Administrative Hearings
State of Illinois Center
100 West Randolph Street, Level 7-909
Chicago, Illinois 60601

I hope this information is helpful.

\ Very truly yours,

George Sorensen
Deputy General Counsel
Sales and Excise Taxes